# Exhibit 7

# Constellation Healthcare Technologies, Inc.
# and Subsidiaries

## Consolidated Financial Statements

## For Year Ended
## December 31, 2016

CONSTELLATION HEALTHCARE TECHNOLOGIES, INC. AND SUBSIDIARIES

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# Independent Auditor's Report

To the Board of Directors and Stockholders of
Constellation Healthcare Technologies, Inc. & Subsidiaries

We have audited the accompanying consolidated balance sheets of Constellation Healthcare Technologies, Inc. & Subsidiaries (the "Company) which comprise the consolidated balance sheets as of December 31, 2016 and 2015 and the related consolidated statements of operations and comprehensive loss, stockholder's equity, and cash flows for the years then ended and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Constellation Healthcare Technologies, Inc. as of December 31, 2016 and 2015 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Rosenberg Rich Baker Berman & Company*

Somerset, New Jersey
May 25, 2017

**Constellation Healthcare Technologies, Inc. and Subsidiaries**
**Consolidated Balance Sheets**

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | $ 8,614,254 | $ 2,516,379 |
| Accounts receivable, net | 24,312,987 | 15,060,632 |
| Inventory | 300,809 | 249,433 |
| Prepaid expenses and other current assets | 1,614,925 | 605,744 |
| Acquisition fee deposit | 850,000 | - |
| Deferred tax asset | 252,000 | 252,000 |
| Total current assets | 35,944,975 | 18,684,188 |
| **Property and equipment, net** | 10,091,652 | 9,546,085 |
| **Other long-term assets** | | |
| Intangible assets, net | 41,659,504 | 35,263,534 |
| Goodwill | 67,300,535 | 37,982,340 |
| Deferred tax asset | 9,779,742 | 5,596,995 |
| Deferred offering costs | - | 60,202 |
| Other assets, net | 365,624 | 278,156 |
| Total other long-term assets | 119,105,405 | 79,181,227 |
| Total assets | $ 165,142,032 | $ 107,411,500 |
| **Current liabilities** | | |
| Accounts payable | $ 10,549,684 | $ 4,088,883 |
| Accrued expenses | 8,022,227 | 4,423,110 |
| Income taxes payable | 4,330,617 | 2,832,298 |
| Current portion of capital lease obligation | - | 2,172 |
| Current portion of long-term debt | 208,598 | 4,439,177 |
| Payable to sellers | 1,222,976 | 1,967,141 |
| Total current liabilities | 24,334,102 | 17,752,781 |
| **Long-term liabilities** | | |
| Long-term debt, net of current portion | 12,381,666 | 10,174,506 |
| Contingent consideration | 17,604,035 | 10,453,631 |
| Deferred rent liability | 627,957 | 605,149 |
| Deferred tax liability | 6,090,792 | 7,510,042 |
| Total long-term liabilities | 36,704,450 | 28,743,328 |
| **Commitments and Contingencies** | | |
| **Stockholder's equity (deficit)** | | |
| Common stock, par value $0.0001; 150,000,000 shares authorized at December 31, 2016 and December 31, 2015; 85,831,307 shares issued and outstanding at December 31, 2016 and 64,990,623 shares issued and outstanding at December 31, 2015. | 8,583 | 6,500 |
| Additional paid-in capital | 94,983,655 | 49,163,637 |
| Retained earnings | 8,765,611 | 11,575,405 |
| Accumulated other comprehensive loss | (78,269) | (79,519) |
| Total stockholders' equity | 103,679,580 | 60,666,023 |
| Noncontrolling interest in consolidated entity | 423,900 | 249,368 |
| Total liabilities and stockholders' equity | $ 165,142,032 | $ 107,411,500 |

See notes to the consolidated financial statements

**Constellation Healthcare Technologies, Inc. and Subsidiaries**
**Consolidated Statements of Operations**

| | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|
| **Revenues** | $ 136,219,672 | $ 76,735,069 |
| **Operating expenses:** | | |
| Salaries and benefits | 44,139,120 | 21,465,227 |
| Facility rent and related costs | 4,740,888 | 3,318,017 |
| Depreciation | 2,647,632 | 1,327,392 |
| Amortization | 16,151,907 | 3,378,174 |
| Professional and consulting fees | 18,743,362 | 15,629,191 |
| Insurance | 809,125 | 444,081 |
| Provision for doubtful accounts | 2,239,825 | 733,764 |
| Vaccines and medical supplies | 4,796,524 | 4,417,260 |
| Office and computer supplies | 418,147 | 232,443 |
| Postage and courier | 2,527,472 | 1,807,249 |
| Other | 8,231,504 | 4,783,213 |
| Total operating expenses | 105,445,506 | 57,536,011 |
| **Income from operations** | 30,774,166 | 19,199,058 |
| **Other income (expenses):** | | |
| Interest expense | (1,656,908) | (2,579,398) |
| Change in fair value of contingent consideration | (4,173,331) | (1,075,899) |
| Early Extinguishment of Debt | (6,410,566) | - |
| Debt related expenses | - | (271,075) |
| Other expense, net | (22,769,877) | (3,921,262) |
| Total other income (expenses), net | (35,010,682) | (7,847,634) |
| **(Loss) Income before provision for income taxes** | (4,236,516) | 11,351,424 |
| (Benefit from) Provision for income taxes | (1,601,256) | 4,392,347 |
| **Net (Loss) Income** | $ (2,635,260) | $ 6,959,077 |
| Gain / (loss) from consolidated entity attributable to non-controlling interest | 174,532 | (49,217) |
| **Net (Loss) Income attributable to the company** | **(2,809,792)** | **7,008,294** |
| **Other Comprehensive Loss, net of tax** | | |
| Foreign currency translation adjustments | 1,250 | (79,519) |
| Other Comprehensive Loss | 1,250 | (79,519) |
| **Comprehensive (Loss) Income** | **$ (2,808,542)** | **$ 6,928,775** |

See notes to the consolidated financial statements

**Constellation Healthcare Technologies, Inc. and Subsidiaries**
**Consolidated Statements of Cash Flows**

| | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|
| **Cash Flow from operating activities:** | | |
| Net (loss) Income | $ (2,635,260) | $ 6,959,077 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | |
| Provision for doubtful accounts | 2,239,825 | 733,764 |
| Depreciation | 2,647,632 | 1,327,392 |
| Amortization | 16,151,907 | 3,378,174 |
| Deferred Tax | (5,601,997) | 1,761,921 |
| Change in fair value of contingent consideration | 4,173,331 | 1,075,899 |
| Gain on settlement of contingent consideration | - | (537,199) |
| Foreign currency exchange loss | 70,353 | 39,498 |
| Interest added to bridge loan principal | 355,000 | - |
| Amortization of deferred finance fees | 744,320 | 363,044 |
| *Changes in operating assets and liabilities:* | | |
| Accounts receivable | (12,524,040) | (5,438,181) |
| Inventory | (51,376) | 133,314 |
| Prepaid expenses and other assets | (75,064) | 57,900 |
| Acquisition fee deposit | (850,000) | - |
| Deferred offering cost | - | (60,202) |
| Other assets | (45,961) | (54,360) |
| Accounts payable, accrued expenses | 10,122,354 | 5,895,191 |
| Income tax payable | 1,498,319 | (263,146) |
| Net cash provided by operating activities | 16,219,344 | 15,372,086 |
| **Cash flows used in investing activities** | | |
| Cash outlay for property and equipment | (3,117,938) | (6,703,114) |
| Development of software tool | - | (3,078,701) |
| Capital Paid for Acquisition | (46,200,000) | (34,650,000) |
| Net cash used in investing activities | (49,317,938) | (44,431,815) |
| **Cash flows from financing activities** | | |
| Payments of capital lease obligations | (2,172) | (26,935) |
| Payments on long term loan | (14,923,460) | (6,036,531) |
| Net proceeds from related parties | 12,000,000 | - |
| Cash outlay for deferred finance costs | - | (172,384) |
| Dividends paid | - | (176,390) |
| Contribution from parent | - | 1,000,000 |
| Proceeds from sale of stock, net of related fees | 42,122,101 | 18,852,012 |
| Net cash provided by financing activities | 39,196,469 | 13,439,772 |
| Net increase (decrease) in cash and cash equivalents | 6,097,875 | (15,619,957) |
| **Cash and cash equivalents, beginning of period** | 2,516,379 | 18,136,336 |
| **Cash and cash equivalents, end of period** | $ 8,614,254 | $ 2,516,379 |

See notes to the consolidated financial statements

| | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|
| **Supplemental Cash Flow Information** | | |
| Cash Paid for interest | $ 713,849 | $ 2,579,398 |
| Cash Paid for Income Taxes | $ 2,450,591 | $ 1,333,073 |
| **Supplemental Schedule of Non-Cash Investing and Financing Activities** | | |
| 63,767 common stock issued for secondary issue fees | $ 102,027 | $ - |
| 1,978,022 common stock issued purchase of MDRX | $ 3,600,000 | $ - |
| 47,700 common stock issued for NEMS contingent consideration | $ 100,000 | $ - |

See notes to the consolidated financial statements

**Consolidated Statement of Stockholder's Equity**
**Years ended December 31, 2016 and December 31, 2015, respectively**

| | Common Stock | | | | | | |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Paid-in Capital | Retained Earnings | Accumulated other comprehensive loss | Noncontrolling interest in consolidated entity | Total |
| Balances, January 1, 2015 | 55,615,056 | $ 5,562 | $ 29,488,952 | $ 4,567,111 | $ - | $ - | $ 34,061,625 |
| Proceeds from sale of stock, net of related fees | 9,375,567 | 938 | 18,498,295 | - | - | - | 18,499,232 |
| Dividend paid in June 2015 | | | 176,390 | | | | 176,390 |
| Contribution from parent | - | - | 1,000,000 | - | - | - | 1,000,000 |
| Other Comprehensive Loss | - | - | - | - | (79,519) | - | (79,519) |
| Non-controlling interest in consolidated entity | - | - | - | - | - | 249,368 | 249,368 |
| Net income for year ended December 31, 2015 | - | - | - | 7,008,294 | - | - | 7,008,294 |
| Balances, December 31, 2015 | 64,990,623 | $ 6,500 | $ 49,163,637 | $ 11,575,405 | $ (79,519) | $ 249,368 | $ 60,915,391 |
| Balances, January 1, 2016 | 64,990,623 | $ 6,500 | $ 49,163,637 | $ 11,575,405 | $ (79,519) | $ 249,368 | $ 60,915,391 |
| Proceeds from sale of stock, net of related fees | 18,814,962 | 1,881 | 42,120,220 | - | - | - | 42,122,101 |
| Shares issued towards NEMS contingent consideration | 47,700 | 5 | 99,996 | - | | | 100,001 |
| Shares issued towards MDRX purchase | 1,978,022 | 198 | 3,599,802 | | | | 3,600,000 |
| Other Comprehensive Loss | - | - | - | - | 1,250 | - | 1,250 |
| Non-controlling interest in consolidated entity | - | - | - | - | - | 174,532 | 174,532 |
| Net (loss) income for year ended December 31, 2016 | - | - | - | (2,809,794) | - | | (2,809,794) |
| Balances, December 31, 2016 | 85,831,307 | $ 8,583 | $ 94,983,655 | $ 8,765,611 | $ (78,269) | $ 423,900 | $ 104,103,480 |

See notes to the consolidated financial statements

## 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

### A. Nature of Business

Constellation Healthcare Technologies, Inc., a Delaware Corporation (referred to as the "Company", "Constellation", "we", "us" or "our") is a healthcare services organization providing outsourced business services to physicians, serving the physician market through four operating segments – Consulting, Revenue Cycle Management, Practice Management and Group Purchasing Organization. Our mission is to provide superior business and financial management services resulting in optimal profitability for our clients and maximized enterprise value for our stakeholders. We believe our core competency is our long-term experience and success in working with and creating value for physicians.

***Revenue Cycle Management ("RCM") Segment***

RCM segment offers expert medical billing and collections, practice management, and other related services to hospital-based and office-based physicians, giving them more time to focus on patient care in specialties such as pathology, anesthesiology, radiology, cardiology, family practice, internal medicine, orthopedics, neurology and emergency medicine. These services help clients to be financially successful by improving cash flows and reducing administrative costs and burdens.

We deliver billing and collections services to help physicians receive optimal earnings for the care they provide. We assist our clients by maximizing their reimbursement through:

- Tenacious pursuit of every collectible dollar,
- To-the-letter compliance with ever-changing regulations and coding complexities,
- Thorough tracking and methodical working of correspondence, and
- Superior management of short-term cash flow and long-term income.

We also offer consulting services to assist clients with navigating and interacting with managed care organizations, as well as a wide range of management consulting services to help create a more efficient medical practice.

Our RCM segment comprised 71.8% and 65.3% of our total revenues for the years ended December 31, 2016 and December 31, 2015, respectively.

***Practice Management ("PM") Segment***

Our PM segment is an experienced and innovative provider of business and practice management services exclusively dedicated to supporting the needs of primary care and subspecialty pediatric practices. Through this segment we provide accounting and bookkeeping, human resource management, group purchasing, accounts receivable management, quality assurance services, physician credentialing, fee schedule review, training and continuing education, and billing and reimbursement analysis. The physicians, who are all employed by separate corporations, provide all clinical and patient care related services.

There is a standard forty-year management service agreement ("MSA") between IPS and the various affiliated medical groups whereby a management fee is paid to IPS, which owns all of the assets used in the operation of the medical groups. IPS manages the day- to-day business operations of each medical group and provides the assets for the physicians to use in their practice for a fixed fee or percentage of the net operating income of the medical group. All revenues are collected by IPS and the fixed fee or percentage payment to IPS is taken from the net operating income of the medical group and the remainder of the net operating income of the medical group is paid to the physicians and treated as an expense on IPS's financial statements as "Professional and consulting fees."

Our PM segment comprised 14.3% and 24.7% of our total revenues for the years ended December 31, 2016 and December 31, 2015, respectively.

***Consulting Segment***

Consulting revenues are recognized as services are provided. The Company primarily provides consulting services under time and material contracts, whereby revenue is recognized as hours and costs are incurred. Clients for consulting revenues are billed on a weekly or monthly basis.

Our consulting segment comprised 7.4% and 0% of our total revenues for the years ended December 31, 2016 and December 31, 2015, respectively.

***Group Purchasing Organization ("GPO") Segment***

Our GPO segment provides for eligible physicians to participate in discounts for vaccines and flu shots offered by certain pharmaceutical companies. In exchange for this, we receive an administrative fee from the pharmaceutical companies.

Our GPO segment comprised 6.5% and 10.0% of our total revenues for the years ended December 31, 2016 and December 31, 2015, respectively.

**B. Basis of Presentation and Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Constellation, its wholly-owned subsidiaries and an entity which it controls. All significant inter-company accounts and transactions between these entities have been eliminated in these historical consolidated financial statements.

In 2015, with the acquisition of Physicians Practice Plus LLC, Constellation also acquired an option to acquire an entity in India, Porteck India Infoservices Pvt Limited ("Porteck India").

A variable interest entity ("VIE") must be consolidated by a reporting entity if the reporting entity is the primary beneficiary because it has (i) the power to direct the VIE's activities that most significantly impact the VIE's economic performance, (ii) an implicit financial responsibility to ensure that a VIE operates as designed, and (iii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE.

Porteck India is considered to be a VIE, as defined by authoritative accounting guidance. All major decisions related to Porteck India, that most significantly impact its economic performance, including but not limited to engaging in financial transactions, including borrowing, financing, pledging, hedging and other derivative transactions are subject to the approval of Constellation. As such, we consolidate Porteck India. As of December 31, 2016, Porteck India has approximately $0.6 million of total assets that primarily consists of property & equipment, cash and cash equivalents and prepaid & other receivables. Additionally, as of December 31, 2016 Porteck India has liabilities of $0.4 million that primarily consists of liabilities associated with administration and operations. The following exchange rates were used to convert all elements of the financial statements of the Indian entity into US dollars, a) Property, plant and equipment were translated at the original rate upon acquisition b) Assets and liabilities have been translated as per the exchange rate on the balance sheet date c) Average rate have been used for all revenue and expense elements. Differential amounts arising on accounting of translation is recorded as Exchange Translation (Loss)/Gain and shown separately in Accumulated other comprehensive loss under Stockholder's equity.

**C. Revenue Recognition**

Integrated Physician Solutions, Inc. ("IPS"), a Physician Practice Management Company ("PPM") and subsidiary to Constellation, assumes all financial risk for the performance of the medical practices. The physicians are employees of the captive professional corporation bound by non-compete agreements and the authority of the IPS management structure in place.

IPS recognizes revenue at the time the services are provided by its affiliated medical groups. Net patient service revenue is impacted by billing rates, changes in current procedural terminology code reimbursement, and collection trends. IPS reviews billing rates at each of its affiliated medical groups, on at least an annual basis, and adjusts those rates based on each insurer's current reimbursement practices. Amounts collected by IPS for treatment by its affiliated medical groups of patients covered by Medicare, Medicaid, and other contractual reimbursement programs, which may be based on cost of services provided or predetermined rates, are generally less than the established billing rates of IPS' affiliated medical groups. IPS estimates the amount of these contractual allowances and records a reserve against accounts receivable based on historical collection percentages for each of the affiliated medical groups, which include various payer categories. When payments are received, the contractual adjustment is written off against the established reserve for contractual allowances. The historical collection percentages are adjusted quarterly based on actual payments received, with any differences charged against net revenue for the quarter. Additionally, IPS tracks cash collection percentages for each medical group on a monthly basis, setting quarterly and annual goals for cash collections, bad debt write-offs and aging of accounts receivable. IPS is not aware of any material claims, disputes or unsettled matters with third party payers and there have been no material settlements with third party payers for the twelve months ended December 31, 2016 and December 31, 2015, respectively.

The Company also receives administration fees tiered by volume of Vaccines and Flu shots consumed by all participating physicians from pharmaceutical companies where it's participating doctors order the Vaccines and Flu Shots and administer vaccines. Revenue is recognized upon the administration of the vaccine by the doctor based on estimated usage during the year.

RCM's principal source of revenues is fees charged to clients based on a percentage of net collections of the client's accounts receivable. They recognize revenue and bill their clients when the clients receive payment on those accounts receivable. Our

RCM business units typically receive payment from the client within 30 days of billing. The fees vary depending on specialty, size of practice, payer mix, and complexity of the billing. In addition to the collection fee revenue, this segment also earns fees from the various consulting services that they provide, including medical practice management services, managed care contracting, coding and reimbursement services and transcription services.

Consulting services are recognized as revenue at the time services are performed.

**D. Business Combinations**

The Company accounts for all business combinations using the acquisition method of accounting. Under this method, assets and liabilities, including any remaining non-controlling interests, are recognized at fair value at the date of acquisition. The excess of the purchase price over the fair value of assets acquired, net of liabilities assumed, and non-controlling interests is recognized as goodwill. Certain adjustments to the assessed fair values of the assets, liabilities, or non-controlling interests made subsequent to the acquisition date, but within the measurement period, which is up to one year, are recorded as adjustments to goodwill. Any adjustments subsequent to the measurement period are recorded in income. Any cost or equity method interest that the Company holds in the acquired company prior to the acquisition is re-measured to fair value at acquisition with a resulting gain or loss recognized in income for the difference between fair value and the existing book value. Results of operations of the acquired entity are included in the Company's results from the date of the acquisition onward and include amortization expense arising from acquired tangible and intangible assets.

Identifiable Intangible assets are valued based on the discounted value of earning potential of contracts pertaining to those business segments.

As part of acquisition consideration, the Company may include, a contingent consideration component to the sellers/ identified management team of the acquired company. Contingent consideration is typically payable based on achieving certain revenue and profit levels. At each level of base, high and low scenario cases, this contingent consideration is discounted to the present value at the time of acquisition and recorded as a liability. This liability is adjusted to fair value at each reporting date.

All expenses relating to the acquisitions are expensed as incurred.

**E. Estimates**

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. While we believe current estimates are reasonable and appropriate, actual results could differ from those estimates.

**F. Concentrations of Credit Risk**

Factors that could adversely impact our operations or consolidated financial results include, but are not limited to, the following: deterioration of the credit markets, loss of large clients, ability to protect our intellectual property and confidential information, interest rate increases, and changes in healthcare legislation.

***Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits***
The Company maintains cash balances at several financial institutions located in the United States of America. The total of all accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31 2016 and December 31, 2015, the Corporation's uninsured cash balances were approximately $8.4 million and $2.3 million, respectively.
We monitor our operations with a view to minimize the impact to our overall business that could arise as a result of the risks and uncertainties inherent in our business.

**G. Cash and Equivalents**

We consider all short-term investments with an original maturity of three months or less to be cash equivalents. As of December 31, 2016 and 2015, respectively, the Company had no cash equivalents.

**H. Accounts Receivable and Allowance for Doubtful Accounts**

RCM business evaluates the need for an allowance using historical loss experience and the assessment of other risks. The following table enumerates the allowances made on account of this business:

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| Allowances for doubtful accounts | $ 302,880 | $ 315,746 |

IPS' affiliated medical groups grant credit without collateral to its patients, most of which are insured under third-party payer arrangements. The allowance for doubtful accounts that relates to patient service revenues is based on an evaluation of potentially uncollectible accounts. The allowance for doubtful accounts includes a reserve for 100% of the accounts receivable older than 150 days. Establishing an allowance for bad debt is subjective in nature. IPS uses historical collection percentages to determine the estimated allowance for bad debts, and adjusts the percentage on a quarterly basis.

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| Allowances for doubtful accounts | $ 1,055,835 | $ 1,262,871 |

We typically do not charge late fees or interest on past due accounts.

**I. Inventory**

Inventory consists of vaccines, which are stated at the lower of cost or market. Cost is determined under the first-in, first-out method.

**J. Recent Accounting Pronouncements**

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") and are adopted by us as of the specified effective date. The Company believes that the impact of recently adopted and recently issued accounting pronouncements did not have a material impact on its consolidated financial position, results of operations, and cash flows for year ended December 31, 2016.

**On April 7, 2015, FASB issued ASU 2015-03**, Interest—Imputation of Interest (Subtopic 835-30) - To simplify presentation of debt issuance costs, the amendments in this Update requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or premiums.

On January 1, 2016, the Company adopted ASU No. 2015-03, "Interest–Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs". Under ASU No. 2015-03, debt issuance costs related to a recognized debt liability are presented as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The adoption of ASU No. 2015-03 has been applied retrospectively and accordingly, the Company's Consolidated Balance Sheet as of December 31, 2016 has been reclassified to reflect this adoption. The impact of this reclassification was a decrease of $409,455 to current assets, a decrease of $307,088 to non-current assets, and a corresponding decrease of $307,088 Long-Term Debt, excluding current installments, and $409,455 to Short-Term Debt, current maturities as of December 31, 2015, respectively.

**On August 12, 2015, FASB issued ASU 2015-14**, Revenue from Contracts with Customers (Topic 606): In May 2014, the FASB and the International Accounting Standards Board ("IASB") issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under previous guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligations. In July 2015, the FASB approved the proposal to defer the effective date of ASU 2014-09 by one year. Early adoption is permitted after December 15, 2016, and the standard is effective for non-public entities for annual reporting periods beginning after December 15, 2018 and interim periods therein. We are currently evaluating the impact of ASU 2014-09 on our consolidated financial statements and related disclosures.

**On September 25, 2015, FASB issued ASU 2015-16** Business Combinations (Topic 805): Topic 805 requires that an acquirer retrospectively adjust provisional amounts recognized in a business combination, during the measurement period. To simplify the accounting for adjustments made to provisional amounts, the amendments in the Update require that the acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amount is determined. The acquirer is required to also record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. In addition an entity is required to present separately on the face of the income statement or disclose in the notes to the financial statements the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. For non-public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2016. The standard was adopted in 2016 and the adoption of ASU 2015-16 did not have a material effect on our consolidated financial statements and related disclosures.

**On November 20, 2015, FASB issued ASU 2015-17** Income Taxes (Topic 740): Topic 740, Income Taxes, requires an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified statement of financial position. Deferred tax liabilities and assets are classified as current or noncurrent based on the classification of the related asset or liability for financial reporting. Deferred tax liabilities and assets that are not related to an asset or liability for financial reporting are classified according to the expected reversal date of the temporary difference. To simplify the presentation of deferred income taxes, the amendments in this Update require that deferred income tax liabilities and assets be classified as noncurrent in a classified statement of financial position. For non-public business entities, the amendments in this Update are effective for years beginning after December 15, 2017. We do not expect the adoption of ASU 2015-17 to have a material effect on our consolidated financial statements and related disclosures.

**On February 25, 2016, FASB issued ASU 2016-02** Leases (Topic 842): The amendments in this Update create Topic 842, Leases, and supersede the leases requirements in Topic 840, Leases. Topic 842 specifies the accounting for leases. The objective of Topic 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. For non-public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2019. We are currently evaluating the impact of ASU 2016-02 on our consolidated financial statements and related disclosures.

**On March 17, 2016, FASB issued ASU 2016-08** Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net) This update releases Accounting Standards Update No. 2016-08-Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net). The amendments in this Update will clarify the implementation guidance on principal versus agent considerations. We are currently evaluating the impact of ASU 2016-08 on our consolidated financial statements and related disclosures. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

**On March 17, 2016, FASB issued ASU 2016-10** Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing. This update releases Accounting Standards Update No. 2016-10—Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing. This Update clarifies guidance related to identifying performance obligations and licensing implementation guidance contained in the new revenue recognition standard. The Update includes targeted improvements based on input the Board received from the Transition Resource Group for Revenue Recognition and other stakeholders. The Update seeks to proactively address areas in which diversity in practice potentially could arise, as well as to reduce the cost and complexity of applying certain aspects of the guidance both at implementation and on an ongoing basis. We are currently evaluating the impact of ASU 2016-10 on our consolidated financial statements and related disclosures. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

**On May 9, 2016, FASB issued ASU 2016-12** Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients The amendments in this Update address narrow-scope improvements to the guidance on collectability, noncash consideration, and completed contracts at transition. Additionally, the amendments in this Update provide a practical expedient for contract modifications at transition and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers. We are currently evaluating the impact of ASU 2016-12 on our consolidated financial statements and related disclosures. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

**On November 17, 2016, FASB issued ASU 2016-18**—Statement of Cash Flows (Topic 230): Restricted Cash: Stakeholders indicated that diversity exists in the classification and presentation of changes in restricted cash on the statement of cash flows under Topic 230, Statement of Cash Flows. This Update addresses that diversity. The amendments in this Update require that a statement

of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The adoption of ASU 2016-18 is not expected to have a material impact on our consolidated financial statements and related disclosures. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

**On January 5, 2017, FASB issued ASU 2017-01**—Business Combinations (Topic 805): Clarifying the Definition of a Business: The amendments in this Update clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of businesses. The amendments in this update provide a screen to determine when a set is not a business. If the screen is not met, it (1) requires that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) removes the evaluation of whether a market participant could replace the missing elements. The adoption of ASU 2017-01 is not expected to have a material impact on our consolidated financial statements and related disclosures.

**On January 26, 2017, FASB issued ASU 2017-04**—Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment: Topic 350, Intangibles—Goodwill and Other (Topic 350), currently requires an entity that has not elected the private company alternative for goodwill to perform a two-step test to determine the amount, if any, of goodwill impairment. In Step 1, an entity compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, the entity performs Step 2 and compares the implied fair value of goodwill with the carrying amount of that goodwill for that reporting unit. An impairment charge equal to the amount by which the carrying amount of goodwill for the reporting unit exceeds the implied fair value of that goodwill is recorded, limited to the amount of goodwill allocated to that reporting unit. To address concerns over the cost and complexity of the two-step goodwill impairment test, the amendments in this Update remove the second step of the test. An entity will apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The new guidance does not amend the optional qualitative assessment of goodwill impairment. We are currently evaluating the impact of ASU 2017-04 on our consolidated financial statements and related disclosures. A public business entity that is a U.S. Securities and Exchange Commission (SEC) filer should adopt the amendments in this Update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. A public business entity that is not an SEC filer should adopt the amendments in this Update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2020. All other entities, including not-for-profit entities that are adopting the amendments in this Update should do so for their annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021.

**K. Deferred Rent**

Deferred rent consists of rent escalation and lease incentive terms related to the Company's operating leases for its facilities. Deferred rent represents the difference between actual operating lease payments due and straight-line rent expense, which is recorded by the Company over the term of the lease, including any construction period. The excess of the difference between actual operating lease payments due and straight-line rent expense is recorded as a deferred credit in the early periods of the lease when cash payments are generally lower than straight-line rent expense, and is reduced in the later periods of the lease when payments begin to exceed the straight-line expense. Deferred rent accrued is $627,957 at December 31, 2016 and $605,149 at December 31, 2015.

**L. Goodwill and Intangible Assets**

Goodwill represents the excess of cost over the fair value of net assets of companies acquired in business combinations accounted for using the purchase method.

Intangible assets include customer contracts and relationships and covenants not-to-compete acquired in connection with acquisitions. These intangible assets are amortized on a straight-line basis, which reflects the pattern in which economic benefits are expected to be realized. The Company concluded that use of the straight-line method was appropriate as the majority of the cash flows are expected to be recognized ratably over the estimated useful lives, without a significant degradation of the cash flows over time. The customer relationships and associated contracts represent the most significant portion of the value of the purchase price for every acquisition.

Goodwill and Intangibles are reviewed for possible impairment, annually or upon the occurrence of an event or when circumstances indicate that a reporting unit's carrying amount is greater than its fair value.

Identified Intangible assets are amortized using straight-line method over their estimated useful lives as follows:

| | Estimated useful life |
|---|---|
| Management service agreements | 25 years |
| Client relationships | 5 years |
| Group Purchase agreements | 5 years |
| Trade name | 5 years |
| Non-compete agreement | 5 years |

Amortization is computed at rates considered sufficient to amortize the cost of the assets, using the straight-line method over their estimated useful lives. Intangibles were amortized by $8,150,708 and $3,378,174 for years ended December 31, 2016 and December 31, 2015, respectively. Also, an additional $1,761,347 of intangible assets related to non-compete was impaired and the carrying value was reduced to nil.

**M. Software Development Costs**

We capitalize software development costs in accordance with ASC 985-20, Costs of Software to be Sold, Leased, or Marketed. Research costs and software development costs, prior to the establishment of technological feasibility, determined based upon the creation of a working model, are expensed as incurred. Our software capitalization policy currently defines technological feasibility as a functioning beta test prototype with a confirmed working model, within a reasonably predictable range of costs. Additionally, technological feasibility is established when the Company has completed all planning, designing, coding, and testing activities that are necessary to establish that the product can be produced to meet its design specifications including functions, features, and technical performance requirements. Our policy is to amortize the capitalized costs over the greater of the ratio of current revenue to estimated future revenue or straight line over the estimated useful life, which has been determined for the applicable product as three years. We did not capitalize software development costs in the year ended December 31, 2016. For the year ended December 31, 2015, $3,078,701 was capitalized on account of software development costs. Software development costs were amortized by $5,055,897 and nil for years ended December 31, 2016 and December 31, 2015. Also, $1,183,955 was written off due to an impairment of software development costs.

**N. Fair Value of financial instruments**

The carrying amounts for cash, cash equivalents, accounts payable, and accrued expenses approximate fair value because of their short-term nature. At December 31, 2016, the carrying value of the unsecured loan is $12.0 million. See note 11 for further discussion of notes payable

**O. *Fair Value Measurements:***

The authoritative guidance for fair value measurements defines fair value as the price that would be received if an asset were to be sold or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Market participants are buyers and sellers in the principal market that are (i) independent, (ii) knowledgeable, (iii) able to transact, and (iv) willing to transact. The guidance describes a fair value hierarchy based on the levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the value of the assets or liabilities such as measures related to earnings before interest, taxes, depreciation and amortization (“EBITDA”).

**Quantitative Information about Level 3 Fair Value Measurements**

| Nature | Fair value at December 31, 2016 | Valuation Techniques | Unobservable input | Range |
|---|---|---|---|---|
| Measurement of contingent consideration – PPP | $6,141,857 | Option valuation using Monte Carlo simulation analysis | EBITDA growth rate | Year 1– 192.0% |
| | | | Annual EBITDA volatility | 26% |
| | | | Revenue growth rate | Year 1– 62.5% |
| | | | Annual Revenue volatility | 10% |
| Measurement of contingent consideration – Northstar | $5,621,561 | Option valuation using Monte Carlo simulation analysis | EBITDA growth rate | Year 1- N/A Year 2 – N/A Year 3 – N/A |
| | | | Annual EBITDA volatility | N/A |
| | | | Revenue growth rate | Year 1- 3.1% Year 2 – 3.9% |
| | | | Annual Revenue volatility | 13% |
| | | | Annual share price volatility | 70% |
| Measurement of contingent consideration – Phoenix | $2,946,065 | Option valuation using Monte Carlo simulation analysis | EBITDA growth rate | Year 1- N/A Year 2 – N/A Year 3 – N/A |
| | | | Annual EBITDA volatility | N/A |
| | | | Revenue growth rate | Year 1- 3.1% Year 2 – 3.9% |
| | | | Annual Revenue volatility | 13% |
| | | | Annual share price volatility | 70% |
| Measurement of contingent consideration – MDRX | $2,894,552 | Option valuation using Monte Carlo simulation analysis | EBITDA growth rate | Year 1- N/A - Year 2 – N/A Year 3 – N/A |
| | | | Annual EBITDA volatility | N/A |
| | | | Revenue growth rate | Year 1- 5.0% Year 2 – 5.0% Year 3 – 5.0% |
| | | | Annual Revenue volatility | 17% |

Contingent consideration for Northeast Medical Solutions had $0 balance payable as of December 31, 2016. The Company issued 23,850 shares in March 2016 towards $50,000 payment. The Company issued an additional 23,850 shares in September 2016 towards a further and final $50,000 payment.

**P. Income Taxes**

Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets and liabilities are included in the consolidated financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the current period's provision for income taxes. A valuation allowance is provided for deferred tax assets if it is more likely than not that the asset will not be realizable.

The Company records a liability for unrecognized tax benefits resulting from uncertain tax positions taken (or expected to be taken) in a tax return before the uncertain tax positions are finally resolved with the taxing authority. If the Company considers that a tax position is "more-likely-than-not" to be sustained upon an audit by the taxing authority, based solely on the technical merits of the tax position,

it recognizes the tax benefit. The Company measures the tax benefit by determining the largest amount that is greater than 50% likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. The Company recognizes estimated future interest and penalties related to unrecognized tax positions, if any, as income tax expense in the consolidated statements of operations.

None of the Company's federal or state income tax returns are currently under examination by the Internal Revenue Service or state authorities. The Company is generally no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2012.

**Q. Reclassification**

Certain reclassifications have been made to the 2015 financial information to conform to the 2016 presentation.

**2. Dividends**

At the Company's Annual General Meeting, held on June 3, 2015 a final dividend of 2.9 cents per share, in respect of the financial year ended December 31, 2014 had been declared and paid by December 31, 2015. The promoters rescinded their right to receive a dividend. Total dividend paid was $176,390. There was no dividend declared in 2016.

**3. Segment reporting information**

| | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|
| **Revenue Cycle Management** | | |
| Revenues | $ 97,753,237 | $ 50,131,907 |
| Depreciation and amortization | 12,454,399 | 3,769,051 |
| Operating income before depreciation and amortization | 39,425,737 | 16,145,524 |
| **GPO & Corporate** | | |
| Revenues | 8,914,453 | 7,666,437 |
| Depreciation and amortization | 2,288,054 | 930,444 |
| Operating income before depreciation and amortization | 5,977,334 | 6,338,577 |
| **Practice Management:** | | |
| Revenues | 19,511,518 | 18,936,725 |
| Depreciation and amortization | 3,233 | 6,071 |
| Operating income before depreciation and amortization | 1,721,716 | 1,420,523 |
| **Consulting** | | |
| Revenues | 10,040,464 | - |
| Depreciation and amortization | 4,053,853 | - |
| Operating income before depreciation and amortization | 2,448,916 | - |

Corporate expenses that are incurred for the Company's general administration have not been apportioned to other business segments. These costs are grouped under GPO and Corporate segment

The operating segments are identified and reported on the basis of internal reports about components of the group that are regularly reviewed by the Management Board to assess the performance of the segments.

The group's internal management reporting is structured primarily on the basis of the market segments in which the 4 operating segments – Revenue Cycle Management, Practice Management, Group Purchasing Organization (GPO) & Corporate and Consulting - operate.

Management assesses the performance of segments based on the measures of EBITDA, whereby the EBITDA measure includes allocations of expenses from supporting functions within the group.

Company runs shared services for each of its 4 segments. All resources, who form part of general management & administration, HR, finance and accounting, IT, call center are part of shared services that are used by one or more segments and have been included in the reallocation.

Such allocations have been determined by the best management estimates based on number of resources served, volume of transactions processed and or relevant measures that reflect the level of benefits of these functions to each of the operating segments. As the 4 operating segments serve only external customers, there is no inter-segment revenue. Interest income and expenses and tax are not allocated to the segments. There is no measure of segment (non-current) assets and/or liabilities provided to the Management Board.

**Reconciliation of reportable segment revenues and profit to the consolidated totals**

| | Year ended December 31, 2016 | | Year ended December 31, 2015 | |
|---|---|---|---|---|
| Total Revenues for reportable segments | $ | 136,219,672 | $ | 76,735,069 |
| **Total Consolidated revenues** | | 136,219,672 | | 76,735,069 |
| EBITDA for reportable segments | $ | 49,573,703 | $ | 23,904,624 |
| Depreciation & amortization | | (18,799,539) | | (4,705,566) |
| Interest expense | | (912,588) | | (2,216,354) |
| Contingent consideration adjustment | | (4,173,331) | | (1,075,899) |
| Amortization of deferred finance fee | | (744,320) | | (363,044) |
| Early Extinguishment of Debt | | (6,410,566) | | - |
| Other income (expense), net | | (22,769,877) | | (4,192,337) |
| Provision for income taxes | | 1,601,256 | | (4,392,347) |
| **Net (loss) income** | $ | (2,635,261) | $ | 6,959,077 |

## 4. Property and Equipment

Property and equipment are presented at cost. Depreciation is computed at rates considered sufficient to depreciate the cost of the assets, using the straight-line method over their estimated useful lives, capital leases and leasehold improvements are amortized over the lease term,

| | Estimated useful life |
|---|---|
| Computer equipment | 2 - 5 years |
| Office equipment | 5 - 7 years |
| Furniture and fixtures | 5 - 7 years |
| Leasehold improvements | Lease term |
| Capital leases | Lease term |
| Medical and surgical equipment | 5 years |
| Automobiles | 5 years |

Property and equipment, net consists of the following at December 31, 2016 and 2015:

| | December 31, 2016 | | December 31, 2015 | |
|---|---|---|---|---|
| Computer equipment and software | $ | 18,311,687 | $ | 15,398,252 |
| Office equipment | | 723,651 | | 675,425 |
| Furniture and fixtures | | 933,886 | | 880,959 |
| Capital leases | | 910,866 | | 910,866 |
| Construction in progress | | 118,228 | | - |
| Leasehold improvements | | 148,353 | | 145,200 |
| Medical and surgical equipment | | 19,529 | | 19,529 |
| Total | | 21,166,199 | | 18,030,231 |
| Less accumulated depreciation | | (11,074,546) | | (8,484,146) |
| **Property and equipment, net** | **$** | **10,091,652** | **$** | **9,546,085** |

We recorded depreciation expense related to the above assets of $2,647,632 and $1,327,392 for the years ended December 31, 2016 and 2015, respectively.

The above asset categories include the following assets under capital lease:

| | December 31, 2016 | December 31, 2016 |
|---|---|---|
| Computer equipment | $ 598,023 | $ 598,023 |
| Office equipment | 235,137 | 235,137 |
| Furniture and fixtures | 77,706 | 77,706 |
| Total | 910,866 | 910,866 |
| Less Accumulated Amortization | (910,866) | (910,866) |
| **Net book value** | **$ -** | **$ -** |

**5. Advertising and Business Promotion Costs**

Advertising and business promotion costs are charged to operations as incurred.

| | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|
| Advertisement and business promotion costs | $ 526,451 | $ 255,863 |

**6. Deferred finance costs**

On March 31, 2014 as part of the new loan arrangement, $1,655,000 was incurred towards deferred finance costs on new financing arrangement.

On September 3 2014, the Company modified terms of the new financing arrangement resulting in a write down of the deferred finance fee. The deferred finance fees amortized for years ended December 31, 2016 and 2015 are $716,543 and $363,044, respectively.

In July 2016, the Company settled in full, all its obligations relating to the financing agreement entered on March 31, 2014. The blanket lien in all assets have been removed and all assets became unencumbered.

The terms of the settlements include costs and expenses in relation to principal repayment, accrued interest, a prepayment penalty on the amount outstanding as at the date facility was repaid in full and a payment in lieu of warrants.

In September 2016, the Company entered into an unsecured loan agreement for $12,000,000 with a related party, First United Health LLC. The proceeds were used to help meet certain acquisition and related costs incurred in September 2016. A total of $240,000 and $450,000 of closing costs and agent fees, respectively, are due upon maturity. The fees are being accreted to the principal balance over the life of the loan. During the year ended December 31, 2016, $26,666 has been accreted to the principal balance.

**7. Acquisitions**

1) In February 2015, the Company's parent at that time, Constellation Health, LLC (The "Parent"), acquired certain net Revenue Cycle Management assets (hereinafter referred to as "PPP"), based out of New York, USA. PPP was acquired for a total consideration of $13.05 million by way of an asset purchase agreement. Constellation Health transferred this acquisition to Orion Healthcorp, Inc., ("Orion Healthcorp") a wholly-owned subsidiary of Constellation, immediately thereafter on the same day.

***Purchase Price Allocation:***

The allocation of purchase price is based on management's judgment after evaluating several factors, including, but not limited to, valuation assessments of tangible and intangible assets. The excess of the total purchase price over the fair value of assets acquired and the liabilities assumed of $4.42 million is recorded as goodwill. The goodwill arising from the Acquisition consists largely of the commercial potential of the Company and the value of the assembled workforce.

The table below presents the purchase price along with an allocation of the purchase price to the assets acquired and liabilities assumed in the acquisition.

| | | |
|---|---|---|
| Purchase Price | $ | 13,045,819 |
| Intangible assets | | 9,167,139 |
| Other assets, net | | 9,716 |
| Permitted loan payable | | (552,699) |
| **Net assets acquired** | **$** | **8,624,156** |
| **Excess Purchase Price Allocated to Goodwill** | **$** | **4,421,663** |

The Company has acquired intangible assets, not including goodwill, totaling approximately $9.17 million in the acquisition.

| | | |
|---|---|---|
| ***Identifiable Intangible Assets:*** | | |
| Trade Name | $ | 1,175,553 |
| Customer Relationships | | 1,587,458 |
| Non-Compete Agreements | | 1,371,316 |
| PARCS Software | | 5,032,812 |
| **Total Identifiable Intangible Assets** | **$** | **9,167,139** |

The purchase price includes contingent consideration measured at fair value based on the estimated earned obligation to the sellers. This contingent consideration is based on minimum revenue and EBITDA generated for 2015 and 2016. As a part of Purchase price allocation, on the date of acquisition of PPP, this liability was discounted to the present value based on the base, best and low scenarios of achieving the targeted revenue and EBITDA for 2015 and 2016, less permitted indebtedness of approximately $600,000 assumed per the agreement. The discounted liability on this account was accrued at $245,000. As of December 31, 2016, this liability is $6,141,857.

PPP was acquired to foray into a different geographical area and increase the customer base. Along with organic growth plans, the company also constantly is looking for inorganic growth opportunities.

2) In September 2015, Constellation Health, acquired equity ownership of Northstar First Health LLC ("Northstar"), a Revenue Cycle Management Company, based out of New Jersey, USA. Northstar was acquired for a total consideration of $17.39 million by way of a unit purchase agreement. Constellation Health transferred this acquisition to Orion Healthcorp, immediately thereafter on the same day.

***Purchase Price Allocation:***

The allocation of purchase price is based on management's judgment after evaluating several factors, including, but not limited to, valuation assessments of tangible and intangible assets. The excess of the total purchase price over the fair value of assets acquired and the liabilities assumed of $10.81 million is recorded as goodwill. The goodwill arising from the Acquisition consists largely of the commercial potential of the Company and the value of the assembled workforce.

The table below presents the purchase price along with an allocation of the purchase price to the assets acquired and liabilities assumed in the acquisition.

| | | |
|---|---|---|
| Purchase Price | $ | 17,391,033 |
| Intangible assets | | 6,414,146 |
| Cash and cash equivalents | | 82,609 |
| Accounts receivable, net | | 121,628 |
| Property and equipment, net | | 403 |
| Other assets, net | | - |
| Accrued expenses | | (34,136) |
| Long term liabilities | | - |
| **Net assets acquired** | **$** | **6,584,650** |
| **Excess Purchase Price Allocated to Goodwill** | **$** | **10,806,383** |

The Company has acquired intangible assets, not including goodwill, totaling approximately $6.41 million in the acquisition.

| | | |
|---|---|---|
| ***Identifiable Intangible Assets:*** | | |
| Trade Name | $ | 1,584,255 |
| Customer Relationships | | 1,812,105 |
| Non-Compete Agreements | | 3,017,786 |
| **Total Identifiable Intangible Assets** | **$** | **6,414,146** |

The purchase price includes contingent consideration measured at fair value based on the estimated earned obligation to the sellers. This contingent consideration is based on minimum revenue and EBITDA generated for 2016, 2017 and 2018. As a part of Purchase price allocation, on the date of acquisition of Northstar, this liability was discounted to the present value based on the base, best and low scenarios of achieving the targeted revenue and EBITDA for 2016, 2017 and 2018. The discounted liability on this account was accrued at $5.87 million. Fair value for this discounted liability as of December 31, 2016, is $5.62 million.

3) In September 2015, Constellation Health, acquired certain Revenue Cycle Management company assets hereinafter Phoenix, based out of New Jersey, USA. Phoenix was acquired for a total consideration of $13.66 million by way of an asset purchase agreement. Constellation Health transferred this acquisition to Orion Healthcorp, immediately thereafter on the same day.

***Purchase Price Allocation:***

The allocation of purchase price is based on management's judgment after evaluating several factors, including, but not limited to, valuation assessments of tangible and intangible assets. The excess of the total purchase price over the fair value of assets acquired and the liabilities assumed of $9.03 million is recorded as goodwill. The goodwill arising from the acquisition consists largely of the commercial potential of the Company and the value of the assembled workforce.

The table below presents the purchase price along with an allocation of the purchase price to the assets acquired and liabilities assumed in the acquisition.

| | | |
|---|---|---|
| Purchase Price | $ | 13,660,987 |
| Intangible assets | | 4,561,958 |
| Property and equipment, net | | 65,264 |
| Other assets, net | | 1,850 |
| **Net assets acquired** | **$** | **4,629,072** |
| **Excess Purchase Price Allocated to Goodwill** | **$** | **9,031,915** |

The Company has acquired intangible assets, not including goodwill, totaling approximately $4.56 million in the acquisition.

| | | |
|---|---|---|
| ***Identifiable Intangible Assets:*** | | |
| Trade Name | $ | 369,728 |
| Software | | 1,915,711 |
| Customer Relationships | | 82,574 |
| Non-Compete Agreements | | 2,193,945 |
| **Total Identifiable Intangible Assets** | **$** | **4,561,958** |

The purchase price includes contingent consideration measured at fair value based on the estimated earned obligation to the sellers. This contingent consideration is based on minimum revenue and EBITDA generated for 2016, 2017 and 2018. As a part of Purchase price allocation, on the date of acquisition of Phoenix, this liability was discounted to the present value based on the base, best and low scenarios of achieving the targeted revenue and EBITDA for 2016, 2017 and 2018. The discounted liability on this account was accrued at $3.16 million. Fair value this discounted liability as of December 31, 2016, is $2.95 million.

4) In March 2016, Constellation Health, acquired certain Revenue Cycle Management company assets hereinafter referred to as MDRX, based out of Ohio, USA. MDRX was acquired for a total consideration of $48.2 million by way of an asset purchase agreement, as amended in September 2016. Constellation Health transferred this acquisition to Orion Healthcorp, immediately thereafter on the same day in March 2016.

***Purchase Price Allocation:***

The excess of the total purchase price over the fair value of assets acquired of $28.9 million is recorded as goodwill. The goodwill arising from the Acquisition consists largely of the commercial potential of the Company and the value of the assembled workforce.

The table below presents the purchase price along with an allocation of the purchase price to the assets acquired and liabilities assumed in the acquisition.

| | | |
|---|---|---|
| Purchase Price | $ | 48,197,073 |
| Intangible assets | | 19,201,088 |
| Property and equipment, net | | 75,000 |
| **Net assets acquired** | **$** | **19,276,088** |
| **Excess Purchase Price Allocated to Goodwill** | **$** | **28,920,985** |

The Company has acquired intangible assets, not including goodwill, totaling approximately $19.2 million in the acquisition.

| | | |
|---|---|---|
| ***Identifiable Intangible Assets:*** | | |
| Customer Relationships | $ | 19,201,088 |
| **Total Identifiable Intangible Assets** | **$** | **19,201,088** |

The March agreement included contingent consideration, but these contingent payments to the sellers were considered compensation related to their continuing employment. The purchase price includes contingent consideration from the September amendment that is measured at fair value based on the estimated earned obligation to the sellers. All contingent consideration is based on minimum revenue and EBITDA generated for 2016-17, 2017-18 and 2018-19. As a part of Purchase price allocation, on the date of acquisition of MDRX, this liability from the September amendment was discounted to the present value based on the base, best and low scenarios of achieving the targeted revenue and EBITDA for 2016-17, 2017-18 and 2018-19. The discounted liability on this account was accrued at $3.08 million. Fair value of this discounted liability as of December 31, 2016, is $2.89 million.

5) In September 2016, Constellation Health, acquired additional Revenue Cycle Management Company assets hereinafter referred to as Allegiance. Allegiance was acquired for a total consideration of $3.7 million by way of membership interest purchase agreements. Constellation Health transferred this acquisition to Orion Healthcorp, immediately thereafter on the same day.

***Purchase Price Allocation:***

The excess of the total purchase price over the fair value of assets acquired of $400,306 is recorded as goodwill. The goodwill arising from the Acquisition consists largely of the commercial potential of the Company and the value of the assembled workforce.

The table below presents the purchase price along with an allocation of the purchase price to the assets acquired and liabilities assumed in the acquisition.

| | | |
|---|---|---|
| Purchase Price | $ | 3,744,000 |
| Intangible assets | | 3,343,694 |
| **Net assets acquired** | **$** | **3,343,694** |
| **Excess Purchase Price Allocated to Goodwill** | **$** | **400,306** |

The Company has acquired intangible assets, not including goodwill, totaling approximately $3.3 million in the acquisition.

| | | |
|---|---|---|
| ***Identifiable Intangible Assets:*** | | |
| Trade Name | $ | 205,772 |

| | | |
|---|---|---|
| Customer Relationships | | 3,103,634 |
| Non-Compete Agreements | | 37,384 |
| **Total Identifiable Intangible Assets** | **$** | **3,346,790** |

The agreements also include contingent consideration, but these contingent payments to the sellers were considered compensation related to their continuing employment. This contingent consideration is based on minimum revenue and EBITDA generated for 2016-17, 2017-18 and 2018-19.

**8. Other Assets**

Other assets consist of the following at December 31, 2016 and 2015:

| | December 31, 2016 | | December 31, 2015 | |
|---|---|---|---|---|
| Deposits | $ | 365,624 | $ | 278,156 |
| **Total** | **$** | **365,624** | **$** | **278,156** |

**9. Prepaid and other current assets**

Prepaid and other current assets consist of the following at December 31, 2016 and 2015:

| | December 31, 2016 | | December 31, 2015 | |
|---|---|---|---|---|
| Prepaid insurance | $ | 92,520 | $ | 149,698 |
| Prepaid rent | | 174,133 | | 184,215 |
| Prepaid - Others | | 379,897 | | 217,416 |
| Prepaid - compensation | | 936,000 | | - |
| Advance taxes | | 32,375 | | 54,415 |
| **Total** | **$** | **1,614,925** | **$** | **605,744** |

**10. Intangible Assets, excluding Goodwill, net**

Intangible assets, excluding goodwill, net consist of the following at December 31, 2016 and 2015:

| | December 31, 2016 | | December 31, 2015 | |
|---|---|---|---|---|
| Software tool - work in progress | $ | 15,167,691 | $ | 17,083,401 |
| Client relationships | | 32,166,859 | | 11,862,138 |
| Management service agreements | | 2,000,000 | | 2,000,000 |
| Group Purchasing agreements | | 600,000 | | 600,000 |
| Trade Name | | 3,555,308 | | 3,349,536 |
| Non-Compete | | 8,635,431 | | 6,598,047 |
| | | 62,125,289 | | 41,493,122 |
| Less accumulated amortization | | (20,465,784) | | (6,229,588) |
| **Net amount** | **$** | **41,659,504** | **$** | **35,263,534** |

Estimated future annual amortization of our identifiable intangible assets is as follows:

Period ending December 31:

| | | |
|---|---|---|
| 2017 | $ | 13,688,628 |
| 2018 | | 12,674,608 |
| 2019 | | 6,825,481 |
| 2020 | | 5,574,007 |
| 2021 | | 1,486,293 |
| Thereafter | | 1,410,487 |
| **Total** | **$** | **41,659,504** |

## 11. Line of Credit And Long-Term Debt

The Company entered into a financing arrangement on June 17, 2013 Line of Credit facility and Term Loan.

The credit facility provided for maximum borrowing of $2,000,000 and maturing on May 31, 2017. The bank interest rate was 9.50%. The line of credit was collateralized by substantially all the assets of the Company. Term Loan, Type A, for $9,000,000 at a fixed interest rate 11%, and Term Loan, Type B, for $6,500,000 at a fixed interest rate 12% plus an additional 3% PIK interest. The term loans maturing on May 31, 2017.

The Company entered into a new loan agreement dated March 31 2014 to replace a loan facility entered into on June 17, 2013. The new loan agreement was a $40,000,000 Senior debt facility, bearing fixed interest at 10.00%, interest payable monthly, plus an additional 2% payable in kind interest. Principal payments commenced from June 30, 2015, maturing on March 31, 2018, collateralized by a blanket lien on all assets. In connection with the new loan agreement, the Company incurred $1,655,000 of fees which were recorded as a discount to the debt.

This loan agreement was modified and amended in September 2014 reducing our facility to $23,000,000. Interest rate was fixed at higher of (a) 3 month LIBOR (**Base rate**) plus 9% and (b) 11%, without payment of kind interest. The maturity date was amended to September 30, 2017. This loan agreement was repaid in full in July 2016. The blanket lien in all assets was removed and all assets became unencumbered. The terms of the settlements include costs and expenses in relation to the principal repayment, accrued interest, a prepayment penalty on the amount outstanding as at the date facility was repaid in full and a payment in lieu of warrants. As a result, the Company incurred on the early extinguishment of debt in the amount of $6,410,566.

The Company entered into an unsecured loan agreement with a related party on August 30, 2016 to help meet acquisition and related costs incurred in September 2016

The loan agreement was for $12,000,000 for a 3 year period with an interest rate of 7.5%. The loan can be converted to Company equity in certain circumstances upon election of either the Company or the Lender at a price per share as mutually agreed upon and approved by the Board of Directors at the relevant time or at the price of a future equity fundraise subject to certain conditions. As of December 31, 2016, the $12,000,000 was outstanding. In January 2017, the outstanding loan was converted into equity.

Long-term debt consisted of the following at December 31, 2016 and 2015:

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| $23,000,000 senior note payable to a financial institution, bearing fixed interest at 11.00%, interest payable monthly, principal payments monthly based on schedule, maturing on September 30, 2017, collateralized by a blanket lien on all assets. | $ - | $ 14,205,806 |
| $12,000,000 unsecured loan, including accrued interest of $300,822 and accreted interest from discounts payable at maturity of $80,844. The loan bears interest at a rate of 7.5%, interest payable at the end of the loan, maturing on August 30, 2019. | 12,381,666 | - |
| $600,000 note payable for acquisition of P.C Advantage in November 2014 by Physicians Practice Plus, LLC | 208,598 | 407,877 |
| Total | 12,590,264 | 14,613,683 |
| Less current maturities | (208,598) | (4,439,177) |
| **Long term debt** | **$ 12,381,666** | **$ 10,174,506** |

Future minimum maturities of the long-term debt are as follows:

| | |
|---|---|
| Year ending: | |
| 2017 | $ 208,598 |
| 2018 | - |
| 2019 | 12,381,666 |
| **Total debt** | **$ 12,590,264** |

## 12. Accrued Expenses

Accrued expenses consisted of the following at December 31, 2016 and 2015:

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| Compensation and related taxes | $ 1,492,577 | $ 1,031,243 |
| Interest | - | 171,064 |
| Professional fees payable | 553,296 | 669,848 |
| Acquisition fees payable | 5,626,912 | 1,860,000 |
| Other | 349,442 | 690,955 |
| **Total** | **$ 8,022,227** | **$ 4,423,110** |

## 13. Operating Leases

We lease our facilities and corporate office space under operating leases that expire in various years through 2022. The leases provide for annual operating expense increases. Rental payments related to our facility leases totaled $3,344,878 and $2,118,097 for the year ended December 31, 2016 and 2015, respectively.

Future annual base rental expenses under these lease agreements are as follows:

| | |
|---|---|
| 2017 | $ 2,202,437 |
| 2018 | 1,907,946 |
| 2019 | 1,543,644 |
| 2020 | 1,087,535 |
| 2021 | 558,884 |
| Thereafter | 259,252 |
| **Total** | **$ 7,559,698** |

The Company has subleased 6,254 square feet of its Houston office for 2 years ending March 31, 2018.

Future annual base rental receipts under this sub-lease agreement is as follows:

| | |
|---|---|
| 2017 | 75,048 |
| 2018 | 18,762 |
| **Total** | **$ 93,810** |

**14. Public offering**

Constellation placed a secondary offering in 2015 and these shares were admitted to the Alternative Investment Market of the London Stock Exchange ("AIM") on June 4, 2015 after placing 9,247,998 shares to the market with gross proceeds of £12,947,197 (approx. $18.77 million). Additional 127,569 shares were issued to the placing agents for their services, in lieu of cash payments. The total shares outstanding in Constellation, after the secondary placement, are 64,990,623.

Constellation also placed a secondary offering in 2016 and these shares were admitted to the AIM market on January 5, 2016 after placing 18,751,195 shares to the market with gross proceeds of £30 million (approx. $42.2 million). £1.06 million (approx. $1.5 million) was incurred towards issue expenses. An additional 63,767 shares were issued to the placing agents for their services, in lieu of cash payments. 8,276,047 shares were issued in 2016 towards acquisition and earn out settlements. The total shares outstanding in Constellation, after the secondary placement and other issues, are 92,081,632.

**15. Other expense, net**

The Company recognized the following other expenses / income for the years ended December 31, 2016 and 2015, respectively:

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| Acquisition related expenses | $ 6,526,810 | $ 3,250,000 |
| Settlements | 241,389 | 980,499 |
| Merger related expenses | 15,845,407 | - |
| Contingent consideration settlement | - | (538,700) |
| Franchisee and other taxes | 156,272 | 229,463 |
| **Total** | **$ 22,769,877** | **$ 3,921,262** |

**16. Income Taxes**

The provision for income taxes for year ended December 31, 2016 and 2015 is summarized as follows:

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| Current: | | |
| Federal | $ 3,300,000 | $ 1,670,336 |
| State | 700,000 | 960,090 |
| Total | 4,000,000 | 2,630,426 |
| Deferred: | | |
| Federal | (4,474,630) | 1,841,415 |
| State | (1,126,626) | (79,494) |
| Valuation allowance | - | - |
| Total | (5,601,256) | 1,761,921 |
| PROVISION (BENEFIT) FOR INCOME TAXES | $ (1,601,256) | $ 4,392,347 |

For years ended December 31, 2016 and 2015, respectively, the Company's effective income tax rate was 37%. Our provision for federal and state taxes is comprised primarily of taxes from states that assess franchise and margin tax. Significant components of net deferred tax assets and liabilities are as follows:

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| **Deferred tax liabilities:** | | |
| Depreciation | $ - | $ - |
| Intangibles, amortization not available for tax deduction | (6,090,792) | (7,510,042) |
| Total deferred tax liabilities | (6,090,792) | (7,510,042) |
| **Deferred tax assets:** | | |
| Net operating loss - Federal and State - Current | 252,000 | 252,000 |
| Net operating loss - Federal and State - Long term | 9,779,742 | 5,596,995 |
| Total deferred tax assets | 10,031,742 | 5,848,995 |
| Total net deferred tax assets | 3,940,950 | (1,661,047) |
| Valuation allowance | - | - |
| Net deferred tax asset (liability) | $ 3,940,950 | $ (1,661,047) |

The Company has earned taxable income in the years ended December 31, 2016 and 2015, respectively, and is expected to earn taxable income in future years to claim the benefit of deferred tax asset; therefore the Company is not making any valuation allowance for the year ended December 31, 2016 and 2015, respectively.

On the acquisition date in 2013, we have identified a net operating loss carry forwards of approximately $28,000,000, which will begin to expire in 2033 year. As a result of the acquisitions and restructurings, we have undergone an ownership change and the utilization of the tax net operating losses are subject to potential limitations pursuant to Internal Revenue Code Section 382. These limitations could reduce the amount of the net operating loss carry forwards utilized in the future. Furthermore, the ultimate utilization of the carry forwards is dependent upon the timing and extent of our future profitability. The annual limitations combined with the expiration date of the carry forwards may prevent the utilization of the carry forwards.

## 17. Stock Based Compensation, Warrants and Options

At December 31, 2016 and 2015, respectively, the Company did not have any stock-based employee compensation.

For the year ended December 31, 2016 and 2015, respectively, the Company did not have any impact, of our stock-based employee compensation plan, on our consolidated statements of operations.

Transactions with Other than Employees

The Company has cancelled all outstanding options upon acquisition and does not have any outstanding warrants or options as of December 31, 2016 and 2015, respectively. The Company also did not issue any warrants in the year ended December 31, 2016 and 2015, respectively.

There are also no outstanding restricted stock units and options as at December 31, 2016.

## 18. 401(K) Plan

We have an employee retirement savings plan under Section 401(k) of the Internal Revenue Code for all eligible employees of Orion Healthcorp, Inc. Participants are permitted to defer compensation up to the dollar limitation as defined by the IRS for the taxable year. On a discretionary basis, we may match up to 50% of the first 6% of the non-highly compensated employee's deferrals. Orion's contributions vest beginning in the second year in equal installments over three years, and are 100% vested after four years. For the year ended December 31, 2016 and 2015, the Company did not contribute any sums to match the contributions.

## 19. Commitments and Contingencies

We are involved in various legal proceedings and claims arising in the ordinary course of business. A total of approximately $400,000 has been accrued as of December 31, 2016. Our management believes that the disposition of these additional matters, individually or in the aggregate, is not expected to have a materially adverse effect on our consolidated financial condition.

However, depending on the amount and timing of such disposition, an unfavorable resolution of some or all of these matters could materially affect our future results of operations or cash flows in a particular period.

**20. Related party transactions**

First United Health LLC, a Delaware limited liability company ("FUH") and Constellation Health, a Delaware limited liability company (the "Parent"), both managed by the CEO of the Company, entered into a consulting agreement ("Agreement") dated June 10, 2013, whereby FUH agreed to provide consulting services to the Company and further agreed for no extra charge to make available the services of Paul Parmar. The term of the agreement is for five (5) years provided; however, that pursuant to Section 1.3 the Consultant after the third anniversary of the Agreement may terminate the Agreement by providing 60 days written notice to the Company prior to the third anniversary of the Agreement. The Agreement, pursuant to Section 4.2, contains a right of first refusal to the Company.

In August 2016, FUH provided a $12 million unsecured loan to help meet certain acquisition related transactional costs and expenses. The loan agreement was for a 3 year period with an interest rate of 7.5%. The loan can be converted to Company's equity in certain circumstances upon election of either the Company or the Lender at a price per share as mutually agreed upon and approved by the Board of Directors at the relevant time or at the price of a future equity fundraise subject to certain conditions. As of December 31, 2016, the full $12,000,000 was outstanding. Subsequent to year end the loan was converted to equity as disclosed in note 21.

In January 2016, Constellation Health, a related party, made a payment of $1,300,000 on behalf of the Company to one of its Vendors. The amount was repaid in full as of December 31, 2016.

In August 2016, FUH, a related party, purchased computer equipment valued at $2.7 million for Company use as part of a hardware upgrade. These assets were transferred to the Company at cost and was paid in full by December 31, 2016.

As part of transaction described in note 21. Subsequent events, FUH was entitled to reimbursement of certain fees and expenses totaling $3.2 million. The Company accrued $3 million in 2016 and this remains unpaid as at December 31, 2016.

In 2016, FUH incurred certain expenses on behalf of the Company to which it was entitled to reimbursement. These totaled approximately $975k and were paid in full by December 31, 2016.

During 2016, the majority shareholder of the Company became involved in a shareholder dispute within its shareholder base. The Company, in exchange for full access to the litigation, so as to access its possible impact on the Company, agreed to indemnify and reimburse the Directors of the Company in relation to certain fees and expenses of the litigation. Those fees and expenses in 2016 totaled $750,000. The Manager of the majority shareholder is the CEO of the Company.

**21. Subsequent events**

In January 2017 at a General Meeting of Shareholders, ratified a Board approved merger between CHT Holdco LLC through its wholly owned subsidiary, CHT Merger Sub, Inc. to acquire Constellation pursuant to the terms of an agreement and plan of merger entered on November 24, 2016. Under the terms of the Acquisition, Constellation Shareholders received $2.93 in cash for each common share and $0.43 in 5 year Promissory Notes. The acquisition price was the equivalent of £2.70 per common share on the basis of an exchange rate of $1.2457 to £1.00 as at November 24, 2016 being the last business day prior to the announcement of the Acquisition. The acquisition price valued the entire issued and paid up capital of Constellation at approximately $309.4 million and represented a premium of approximately 45% to the closing price on November 24, 2016 being the last business day prior to the acquisition. The transaction was funded by way of cash equity by the purchaser together with a $130 million loan issued by Bank of America and other parties

$12 million loan from FUH as mentioned in note 20. Related party transactions, was converted into equity as part of the above merger process.

In March 2017, Orion Healthcorp Inc. ("Orion"), a wholly owned subsidiary of the Company acquired 100% equity ownership in New York Network Management LLC ("NYNM"), an Independent Practicing Association based out of New York, USA. NYNM and several wholly owned subsidiaries were acquired for a total consideration of $38.00 million by way of a Membership Interest Purchase Agreement. The acquisition was funded by internal cash generated by the Company together with an increase of the loan facility issued by Bank of America and other parties.